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TRADING UPDATE 9 MONTHS 2016

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BAM reports nine months adjusted result of €64 million and reiterates full year outlook

- Construction and M&E services: result recovering in the Netherlands, loss in Germany
- Civil engineering: continuing progress with margin at 2.1%
- Investment sectors: strong result at Property and a steady performance at PPP
- Order book: higher quality due to tender discipline; lower level due to selective tendering, market conditions and FX
- Cash flow: ongoing improvement year-on-year despite impact of lower pound

(in € million, unless otherwise indicated)	First nine months 2016	First nine months 2015	Full year 2015
Key trading results			
Revenue	5,074	5,359	7,423
Adjusted* result before tax	63.6	45.7	88.2
Result before tax	60.5	17.7	13.3
Order book (period-end)	10,100		11,500

* Before restructuring costs, impairments and pension one-off.

Rob van Wingerden, CEO of Royal BAM Group:

'Our performance in the first nine months was satisfactory overall. We improved our results in Civil Engineering and Property. Unfortunately the result was held back by Construction and M&E services in Germany. Our order book quality continues to improve because of our maintained tender discipline. The change in the order book level year-to-date reflects the €0.4 billion impact of the weaker pound and market pressures in Dutch non-residential construction, Belgian civil engineering and international oil and gas.

On Brexit, aside from the foreign exchange translation effect, uncertainty is ongoing regarding its implications for the UK and we are monitoring developments closely.

In October, we were included again in CDP's 'Climate A' list of leaders for a low-carbon world. This rewards our achievements in making sustainability integral to our operations and products. We are enthusiastic to keep pushing this forward with new digital and technological developments.

We continue to expect the adjusted result before tax for the full year will be higher than the level of 2015. The full year 2016 restructuring charge will be approximately €30 million. This relates to strategy implementation, including refocus our German construction business, and mixed market conditions.'

Live audio webcast

On 3 November 2016, at 10.00 hrs CET, there will be a conference call in English for analysts. This can be followed via live audio webcast (www.bam.com).

Further information

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Royal BAM Group nv considers the information in this press release to be share price sensitive.

Analysis by sector

(x € million)	First nine months of 2016		First nine months of 2015	
	Result	Revenue	Result	Revenue
Result and revenue				
Construction and M&E services	-30.4	2,441	-19.2	2,320
Civil engineering	52.6	2,531	41.6	2,872
Property	25.1	253	14.5	357
Public Private Partnerships (PPP)	11.1	163	15.4	131
Eliminations and miscellaneous	-	-314	0.7	-321
Total sectors	58.4	5,074	53.0	5,359
Group overhead	7.0		-5.3	
Group interest charge	-1.8		-2.0	
Adjusted result before tax	63.6	1.3%	45.7	0.9%

Sector performance

At Construction and M&E services revenue was higher overall due to the Netherlands and the UK (despite an adverse FX impact of €90 million). Revenue at the German activities was affected by project postponements and refocusing on key regions. In the first nine months there was a loss of €28 million in Germany, with €10 million of this in Q3 mainly related to settlement discussions at two older projects at completion. The order book was up in Belgium, Germany and the UK on a constant currency basis (FX impact: €253 million). The Dutch non-residential order book reflects the still unfavourable market conditions.

Civil engineering revenue reflected order phasing of large projects won recently and movements in the pound (€56 million). The overall sector margin improved despite lower activity in the oil and gas industry. The movement in the order book shows the combined effects of the lower pound (€162 million), a project cancellation in Belgium in Q1 and market conditions at BAM International.

In Property, the result was supported by commercial property in the UK and Ireland. Conditions in the Dutch residential market remain mixed. Despite growing demand, the supply of new build houses is stagnant because of reduced capacity on zoning and permitting at local governments. BAM's Dutch house sales in the first nine months of the year were 1,504 (9M 2015: 1,640). Dutch house sales for full year 2016 are expected to be broadly in line with 2015. The retail market in the Netherlands remains subdued. BAM will continue to shape the property portfolio by converting residential property outside the core urban areas and non-residential property into cash and using the proceeds to invest in equity light propositions.

At PPP, the result was driven by the high quality operational portfolio. There were two transfers to the PGM joint venture in the first nine months (2015: also two). Bidding activity is healthy, with new infrastructure opportunities in Germany and the Netherlands.

Group overhead was a net positive mainly due to the release of a dividend provision of €9.7 million related to the divestment of BAM's 21.5% stake in Van Oord in 2011.

Financial position and balance sheet at quarter end

- Recourse net cash position €264 million (Q3 2015: €172 million) including €23 million negative FX.
- Trade working capital efficiency improved to -9.5% (year-end 2015: -8.1%).
- The capital ratio at 30 September 2016 was 20% (year-end 2015: 21.2%) reflecting changes in interest rates and FX.
- Refinancing revolving credit facility expected to be finalised by the end of 2016.